HARRAH'S RESORT, ATLANTIC CITY
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2009

SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

HARRAH'S RESORT, ATLANTIC CITY
BALANCE SHEETS

AS OF DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents		$39,931	$33,025	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2009, $8,839; 2008, $5,807)		19,210	20,198	
4	Inventories	2	1,642	1,867	
5	Other Current Assets	4	12,319	16,032	
6	Total Current Assets		73,102	71,122	
7	Investments, Advances, and Receivables	5	595,418	607,698	*
8	Property and Equipment - Gross	2,6	1,448,289	1,437,883	
9	Less: Accumulated Depreciation and Amortization	2,6	(93,021)	(46,156)	
10	Property and Equipment - Net	2,6	1,355,268	1,391,727	
11	Other Assets	7	73,381	83,509	
12	Total Assets		$2,097,169	$2,154,056	*
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$11,018	$19,052	
14	Notes Payable		0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates		0	0	
16	External		0	0	
17	Income Taxes Payable and Accrued	2	10,724	0	
18	Other Accrued Expenses	8	23,873	25,570	
19	Other Current Liabilities		2,697	2,270	
20	Total Current Liabilities		48,312	46,892	
	Long-Term Debt:				
21	Due to Affiliates		0	0	
22	External	9	990,682	1,160,000	
23	Deferred Credits		250,377	211,069	
24	Other Liabilities	10	13,700	13,616	
25	Commitments and Contingencies		0	0	
26	Total Liabilities		1,303,071	1,431,577	
27	Stockholders', Partners', or Proprietor's Equity		794,098	722,479	*
28	Total Liabilities and Equity		$2,097,169	$2,154,056	*

* Certain amounts in the prior period were reclassed in order to conform with current year presentation.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Amended 5/17/2010

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino		$485,797	$538,776
2	Rooms		71,759	64,644
3	Food and Beverage		77,921	78,206
4	Other		25,856	26,621
5	Total Revenue		661,333	708,247
6	Less: Promotional Allowances	2	167,420	172,137
7	Net Revenue		493,913	536,110
	Costs and Expenses:			
8	Cost of Goods and Services		283,971	306,087
9	Selling, General, and Administrative		56,946	61,257
10	Provision for Doubtful Accounts		4,538	4,702
11	Total Costs and Expenses		345,455	372,046
12	Gross Operating Profit		148,458	164,064
13	Depreciation and Amortization		53,685	53,860
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other	3	33,037	27,318
16	Income (Loss) from Operations		61,736	82,886
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	(3,914)
18	Interest Expense - External		(47,228)	(73,839)
19	CRDA Related Income (Expense) - Net		(1,655)	2,264
20	Nonoperating Income (Expense) - Net		122,855	(187,140)
21	Total Other Income (Expenses)		73,972	(262,629)
22	Income (Loss) Before Taxes and Extraordinary Items		135,708	(179,743)
23	Provision (Credit) for Income Taxes	2,12	60,079	1,793
24	Income (Loss) Before Extraordinary Items		75,629	(181,536)
25	Extraordinary Items (Net of Income Taxes - 2009, $0; 2008, $0)			
26	Net Income (Loss)		$75,629	($181,536)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Amended 5/17/2010

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino		$116,283	$122,324
2	Rooms		17,275	15,657
3	Food and Beverage		18,339	17,047
4	Other		6,496	5,732
5	Total Revenue		158,393	160,760
6	Less: Promotional Allowances	2	43,949	43,438
7	Net Revenue		114,444	117,322
	Costs and Expenses:			
8	Cost of Goods and Services		71,230	71,899
9	Selling, General, and Administrative		13,601	12,742
10	Provision for Doubtful Accounts		1,541	2,864
11	Total Costs and Expenses		86,372	87,505
12	Gross Operating Profit		28,072	29,817
13	Depreciation and Amortization		13,895	12,771
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other	3	8,576	6,967
16	Income (Loss) from Operations		5,601	10,079
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External		(12,483)	(18,806)
19	CRDA Related Income (Expense) - Net		(160)	(2,344)
20	Nonoperating Income (Expense) - Net		122,984	(186,419)
21	Total Other Income (Expenses)		110,341	(207,569)
22	Income (Loss) Before Taxes and Extraordinary Items		115,942	(197,490)
23	Provision (Credit) for Income Taxes	2,12	52,124	(5,854)
24	Income (Loss) Before Extraordinary Items		63,818	(191,636)
25	Extraordinary Items (Net of Income Taxes - 2009, $0; 2008, $0)			
26	Net Income (Loss)		$63,818	($191,636)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Amended 5/17/2010

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	Accumulated Comprehensive Income/Loss (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2007..........**						$165,954		$308,446	$474,400
2	Net Income (Loss) - 2008.............								(181,536)	(181,536)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments.............									0
6	Purchase Price Adjustment		25	25			752,593		(314,689)	437,929
7	Comprehensive Income(Loss)							(8,314)		(8,314)
8										0
9										0
10	**Balance, December 31, 2008..........**		25	25	0	0	918,547	(8,314)	(187,779)	722,479
11	Net Income (Loss) - 2009.............								75,629	75,629
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments.............								1,129	1,129
15	Fin 48 Adjustment								(9,895)	(9,895)
16	Comprehensive Income(Loss)							4,756		4,756
17										0
18										0
19	**Balance, December 31, 2009 ....**		25	$25	0	$0	$918,547	($3,558)	($120,916)	$794,098

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$72,608	$165,468
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment..........................		(17,141)	(163,706)
5	Proceeds from Disposition of Property and Equipment..........		613	3,095
6	CRDA Obligations		(6,187)	(6,765)
7	Other Investments, Loans and Advances made......................		0	0
8	Proceeds from Other Investments, Loans, and Advances		724	1,265
9	Cash Outflows to Acquire Business Entities..........................		0	0
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(21,991)	(166,111)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....................................			
15	Proceeds from Long-Term Debt			1,160,000
16	Costs of Issuing Debt..		(1,382)	
17	Payments to Settle Long-Term Debt......................................		(42,329)	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock...			
20	Payments of Dividends or Capital Withdrawals......................			(1,160,000)
21	....			
22	....			
23	Net Cash Provided (Used) By Financing Activities..................		(43,711)	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		6,906	(643)
25	Cash and Cash Equivalents at Beginning of Period...................		33,025	33,668
26	Cash and Cash Equivalents at End of Period............................		$39,931	$33,025

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$44,215	$59,214
28	Income Taxes...		$650	$2,304

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)......		$75,629	($181,536)
30	Depreciation and Amortization of Property and Equipment...		49,477	49,987
31	Amortization of Other Assets......		4,208	3,873
32	Amortization of Debt Discount or Premium......		8,722	5,798
33	Deferred Income Taxes - Current		544	0
34	Deferred Income Taxes - Noncurrent		39,308	32
35	(Gain) Loss on Disposition of Property and Equipment......		(523)	(7,620)
36	(Gain) Loss on CRDA-Related Obligations......		0	0
37	(Gain) Loss from Other Investment Activities......		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		988	(4,809)
39	(Increase) Decrease in Inventories		225	192
40	(Increase) Decrease in Other Current Assets......		3,169	(7,796)
41	(Increase) Decrease in Other Assets......		1,854	(7,756)
42	Increase (Decrease) in Accounts Payable......		(3,924)	964
43	Increase (Decrease) in Other Current Liabilities		9,454	(1,943)
44	Increase (Decrease) in Other Liabilities		84	675
45	(Increase) Decrease in Other Receivable or Adva......		6,185	129,997
46	(Gain) Loss on early retirment of Debt 2009/Imp......		(122,792)	185,410
47	Net Cash Provided (Used) By Operating Activities......		$72,608	$165,468

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment......		($17,141)	($163,706)
49	Less: Capital Lease Obligations Incurred......			
50	Cash Outflows for Property and Equipment......		($17,141)	($163,706)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired......			
52	Goodwill Acquired......			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed......			
55	Issuance of Stock or Capital Invested......			
56	Cash Outflows to Acquire Business Entities......		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions......		$0	$0
58	Less: Issuances to Settle Long-Term Debt......		0	0
59	Consideration in Acquisition of Business Entities......		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions......		$0	$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

HARRAH'S RESORT, ATLANTIC CITY
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2009

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

5/14/2010	Mary Cheeks
Date	Mary Cheeks

Vice President of Finance
Title

004960-11
License Number

On Behalf of:

HARRAH'S RESORT, ATLANTIC CITY
Casino Licensee

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Harrah's Atlantic City Holding, Inc. and Subsidiaries (the "Company", "HACH") operates a casino hotel resort located in the Marina District of Atlantic City, New Jersey, known as Harrah's Resort Atlantic City. The Company is a wholly owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's"). A substantial portion of the Company's revenues is derived from gaming and supporting hotel operations.

The Company is licensed to operate the facility by the New Jersey Casino Control Commission (the "CCC") and is subject to rules and regulations as published by the CCC. The Company's license is subject to renew every five years with the current license expiring June 2013.

On January 28, 2008, Harrah's was acquired by affiliates of Apollo Global Management, LLC and TPG Capital, L.P. in an all cash transaction, hereinafter referred to as the "Acquisition." Prior to the Acquisition, Marina Associates and Subsidiary (the "Predecessor Company") operated as a General Company and owned and operated Harrah's Casino Hotel Atlantic City. The Predecessor Company was an indirect, wholly owned subsidiary of Harrah's Operating Company, Inc. ("HOC"), which is a direct wholly owned subsidiary of Harrah's.

In conjunction with the Acquisition, the Predecessor Company, along with five affiliates, was spun off from HOC for the purpose of obtaining financing in the form of commercial mortgaged-backed securities ("CMBS") in order to effect the Acquisition. A series of transactions, hereinafter referred to as the "Restructuring", were executed that, among other things, dissolved the Predecessor Company and liquidated its assets, net of liabilities, to various affiliates and created the Company. CMBS financing was obtained by subsidiaries of HACH (Note 9).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the account balances of HACH and its wholly-owned subsidiaries. As a result, all material intercompany transactions and balances have been eliminated in consolidation.

Acquisition of Harrah's – As a result of the Acquisition, total equity was adjusted based on the purchase price assigned to the Company, retained earnings of the Company were eliminated and the assets and liabilities of the Company were adjusted to fair value with goodwill recorded for the excess of the purchase price over the fair value of the net tangible and intangible assets. Harrah's determined the estimated fair values after review and consideration of relevant information including discounted cash flow analyses, quoted market prices and estimates made by management.

For purposes of this regulatory filing, adjustments to the historical assets of the Company were reflected in December 31, 2009 and 2008 financial statements.

Allowance for Doubtful Accounts - The Company reserves an estimated amount for receivables that may not be collected. The methodology for estimating the allowance includes using specific reserves and applying various percentages to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific allowances.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Inventories - Inventories, which consist primarily of food, beverage, and operating supplies, are stated at the lower of average cost or market value.

Land, Buildings and Equipment - Land, buildings, and equipment were stated at cost, through January 27, 2008 and revalued to fair value on January 28, 2008 in connection with the Acquisition, including capitalized interest on intercompany funds used to finance construction calculated at Harrah's overall weighted-average borrowing rate of interest.

As a result of the Restructuring, certain real property and equipment of the Company were distributed to Harrah's Atlantic City Propco, LLC ("HACPC"), a wholly-owned indirect subsidiary of HACH on January 28, 2008.

Improvements that extend the life of the asset are capitalized. Building improvements are depreciated over the remaining life of the building. Maintenance and repairs are expensed as incurred.

Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Land improvements	12 years
Buildings and improvements	5 to 40 years
Furniture, fixtures and equipment	3 to 20 years

The Company reviews the carrying value of land, buildings and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. No impairment was recognized by the Company for all periods presented in the consolidated statements of operations.

Interest Rate Cap Agreement - On January 28, 2008, the subsidiaries of HACH entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the CMBS debt. The interest rate cap agreement, which was effective January 28, 2008, and terminates February 13, 2013, is for a notional amount of $1,160,000 at a LIBOR cap rate of 4.5%.

Derivative instruments are measured at fair value and adjusted for the credit rating of the Company and its counterparties in determining any credit valuation adjustments. The estimated fair value of the Company's interest rate cap agreement was $10,134 and $5,783 at December 31, 2009 and 2008, respectively, and is included in other noncurrent assets and other in our consolidated balance sheets. The fair value measurement of the interest rate cap falls within Level 2 of the fair value hierarchy. The estimated fair value is based on market prices obtained from dealer quotes. Such quotes represent the estimated amounts we would receive or pay to terminate the contract. The Company's derivative instrument contains a credit risk that the counterparty, may be unable to meet the terms of the agreement. The Company minimizes that risk by evaluating the creditworthiness of its counterparty.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

The following table represents the fair value of derivative instruments in the accompanying consolidated balance sheets at December 31:

	2009	2008
Interest Rate Cap Agreeement	$ 10,134	$ 5,783

This Included in other noncurrent assets in the accompanying consolidated balance sheet.

The following table represents the effect of derivative instruments in the financial statements:

Cash Flow Hedging Relationships	Amount of (Gain) or Loss on Derivatives Recognzed in OCI (Effective Portion),net of tax		Location of Loss Reclassified From Accumulated OCI Into Income (Effective Portion)	Amount of Loss Relassified from Accumulated OCI Into Income (Effective Portion)	
	2009	2008		2009	2008
Interest Rate Cap Agreement	$ (4,756)	$ 8,314	Interest Expense	$ 2,200	$ -

Deferred Assets - Debt issue costs are amortized to interest expense based on the related debt agreement using the straight-line method, which approximates the effective interest method.

On January 28, 2008, the subsidiaries of HACH entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the CMBS debt. The interest rate cap agreement, which was effective January 28, 2008, and terminates February 13, 2013, is for a notional amount of $1,160,000 at a LIBOR cap rate of 4.5%.

Debt issue costs are amortized as interest expense based on the related debt agreement using the straight-line method, which approximates the effective interest method. A charge of $6,008 was included in interest expense in the statement of income for the December 31, 2009 period.

Goodwill and Other Intangible Assets — The Company had no goodwill recorded in the accompanying balance sheet as of December 31, 2009 and 2008, as a result of an impairment charge subsequent to the acquisition date. The Company accounts for goodwill and other intangible assets in accordance with Accounting Standard Codification ("ASC") 350 (formerly known as Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets). The Company performs at least an annual review of goodwill for impairment. The Company completed its annual assessment for impairment management in the fourth quarter of 2008 and determined that goodwill had been impaired. A charge of $185,410 was recorded in the statements of income in 2008.

**HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)**

The intangible assets include customer relationships (database) of $ 46,635 as of December 31, 2009. The customer relationships have been determined to have a useful life of 13 years, and are being amortized using the straight-line method. Amortization expense was approximately $4,208 for twelve months period ending December 31, 2009. Based on the value allocated to amortizing intangibles the annual amortization expense is expected to be approximately $4,208 for each of the five succeeding fiscal years.

Investment in ACES - In 2006, The Company entered into an agreement with Caesars Atlantic City, an affiliate of the Company and one other Atlantic City casino to form Atlantic City Express Service, LLC ("ACES"). With each member having a 33% interest, this New Jersey limited liability company was formed for the purpose of contracting with New Jersey Transit to operate express rail service between Manhattan, New York and Atlantic City. The responsibilities of the managing member will rotate annually among the members. The total investment in ACES was approximately $24,000. ACES became operational on February 6, 2009.

As a result of the Restructuring, the Company's interest in ACES was transferred to HACH on January 28, 2008.

The investment is reflected in the accompanying financial statements using the equity method. As of December 31, 2009, HACH has made capital contributions of $7,998 which is included in Investment, Advances and Receivable in the accompanying balance sheet. HACH's share of ACES' net loss for the twelve months ended December 31, 2009 was $2,780 and is included in the accompanying statements of income.

Investments in Subsidiaries - During 1999, the Company, through its wholly owned subsidiary Reno Crossroads LLC ("Reno"), acquired a parcel of land in Reno, Nevada for approximately $10,325. The existing facilities located on the parcel site were demolished and a new plaza was constructed on the site at a cost of approximately $2,365. On February 1, 2000, Reno entered into an agreement to lease this parcel of land to HOC for a period of twenty years at a fixed rent of $1,120 per year. As a result of the Restructuring, the Company's interest in Reno was transferred to HOC on January 28, 2008.

Fair Value of Financial Instruments - The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. After giving effect to their allowances, the Casino Reinvestment Development Authority ("CRDA") bonds and deposits approximately reflect their fair value based upon their below market interest rates.

The fair value of the Company's debt has been calculated based on the borrowing rates available as of December 31, 2009, for debt with similar terms and maturities and based on the contractual purchase price at which we've agreed to purchase a portion of the CMBS loans. As of December 31, 2009, the Company's outstanding debt had a fair value of $837,200 and a carrying value of $990,682. The Company's interest rate cap agreement had a fair value equal to its carrying value as an asset of $10,134 at December 31, 2009.

CRDA Real Estate Project - The Company's investment in its CRDA real estate project (the "Project") consists of various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City, NJ. Based upon an agreement with the CRDA, the Company may sell certain parts of the Project and will operate certain other parts for a period of up to 20 years.

(Dollars in Thousands)

Income or loss from the operation of the Project is included in the results of operations. Buildings are being depreciated using the straight-line method based on an estimated useful life of 27.5 years.

In January 2008, The Predecessor Company sold the apartment building, for $15,000 to Atlantic City Ocean Terrace LLC. The Predecessor Company realized a gain of $6,300 in connection with this transaction in January 2008 which is included in other non-operating expenses in the accompanying consolidated statements of income.

Revenue Recognition - Gaming revenue is (a) the win from gaming activities, which is the difference between gaming wins and losses, less sales incentives and other adjustments and (b) revenue from gaming related activities such as poker and tournament. Jackpots, other than incremental amount of progressive jackpots, are recognized at the time they are won by customers. The Company accrues the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction of gaming revenue. The retail value of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is included in gross revenue and then deducted as promotional allowances. Food and beverage and rooms revenues include the aggregate amounts generated by those departments.

Casino Promotional Allowances - Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as casino expenses in the accompanying statements of income. These costs consisted of the following at December 31:

	2009	2008
Food and beverage	$ 32,599	$ 37,213
Rooms	17,691	17,801
Other	6,087	10,356
Other Cash Complimentaries	25,568	43,680
Promotional Gaming Credits	36,557	20,246
	$118,502	$129,296

Total Rewards Program Liability - The Company's customer loyalty program, Total Rewards, offers incentives to customers who gamble and shop at certain of affiliated casinos throughout the United States. Under the program, customers are able to accumulate, or bank, Reward Credits over time that they may redeem at their discretion under the terms of the program. The Reward Credit balance will be forfeited if the customer does not earn a Reward Credit over the prior six-month period. As a result of the ability of the customer to bank the Reward Credits, the expense of Reward Credits is accrued after consideration of estimated breakage, as they are earned. The estimated cost to provide Reward Credits is expensed at the property where they are earned and is included in casino expense on the accompanying consolidated statements of income. To arrive at the estimated cost associated with Reward Credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which Reward Credits will be redeemed. The Company uses historical data to assist in the determination of estimated accruals. At December 31, 2009 and 2008, $4,374 and $4,145, were accrued for the cost of anticipated Rewards Credit redemptions.

In addition to Reward Credits, customers can earn points based on play that are redeemable in cash ("cash-back points"). The Company accrues the cost of cash-back points, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in casino promotional allowances on the accompanying Consolidated Statements of Income. At December 31, 2009 and 2008, the liability related to outstanding cash-back points, which is based on historical redemption activity, were $858 and $1,058 respectively.

These amounts are included in the net intercompany balances within the Investment, Advances and Receivables section of the Company's accompanying balance sheet.

Gaming Tax — The Company remits weekly to the CCC a tax equal to eight percent of the gross gaming revenue, as defined. Gaming taxes paid to the CCC for the year ended December 31, 2009 and for the periods from January 28, 2008 through December 31, 2008, and January 1, 2008 through January 27, 2008, included in casino expenses in the accompanying consolidated statements of operations, were approximately $39,078, $40,755 and $2,824, respectively.

Income Taxes — The Company is included in the consolidated federal tax return of Harrah's and files a separate New Jersey tax return. The provision for federal income taxes is computed based on the statutory federal rate as if the Company had filed a separate income tax return. The provision for state taxes is based on the statutory New Jersey tax.

Deferred tax assets and liabilities represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date. The Company follows the provisions of ASC 740- Income Taxes. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Reclassification - Certain amounts in the prior period were reclassified in order to conform with the current year presentation.

Recently Issued Accounting Pronouncements - On July 1, 2009 the Financial Accounting Standards Board ("FASB") launched the ASC a structural overhaul to U.S. GAAP that changes from a standards-based model (with thousands of individual standards) to a topical based model. For final consensuses that have been ratified by the FASB, the ASC will be updated with an Accounting Standards Update ("ASU"), which is assigned a number that corresponds to the year and that ASU's spot in the progression (e.g., 2010—1 will be the first ASU issued in 2010). ASUs will replace accounting changes that historically were issued as Statement of Financial Accounting Standards ("SFAS"), FASB Interpretations ("FIN,") FASB Staff Positions ("FSPs,") or other types of FASB Standards.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company is charged a fee by HOC for administrative and other services (including marketing, purchasing, insurance, employee benefits and other programs). The Company has a service provider agreement with Harrah's Entertainment whereby a portion of the corporate expense of Harrah's Entertainment is allocated to the Company and another portion is allocated to HOC. These charges are included in charges from affiliates in the consolidated statements of income. The Company believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis.

The Company's property assets and capital stock are pledged as collateral for certain of HOC's outstanding debt securities.

Certain of the more significant intercompany relationships among the Company, HOC and other affiliates are discussed in this footnote.

Cash Activity with HOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to Harrah's on a daily basis. Cash transfers from Harrah's to the Company are also made based upon the needs of the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is earned on the amount shown as due from affiliates, net, in the accompanying consolidated financial statements.

Employee Benefit Plans - Harrah's maintains a defined contribution savings and retirement plan in which employees of the Company may participate. The plan, among other things, provides for pretax and after-tax contributions by employees. Under the plan, participating employees may elect to contribute up to 50% of their eligible earnings. Through February 2009, the employer match was 50% for the first six percent of employees' contributions. In February 2009, Harrah's announced suspension of the employer match for all participating employees, where allowed by law or not in violation of an existing agreement. The Acquisition was a change in control under the savings and retirement plan, and therefore, all unvested employer match amounts as of the Acquisition became vested.

Amounts contributed to the plan are invested, at the participant's direction, in up to 19 separate funds. Participants become vested in the matching contributions over five years of credited service. The Company's contribution expense for the years ended December 31, 2009 and 2008, was approximately $114 and $1,377, respectively.

Harrah's also maintains deferred compensation plans, stock option plans, and an Executive Supplemental Savings Plan, under which certain employees of the Company may defer a portion of their compensation. The expenses charged by Harrah's to the Company for its employees' participation in these programs are included in the administrative and other services charge discussed above

Certain employees of the Company are covered by union-sponsored, collectively bargained multi-employer pension plans ("the Pension Plans"). The Company's contribution expense totaled $3,622 and $3,607 in 2009 and 2008, respectively. The Pension Plan's administrators do not provide sufficient information to enable the Company to determine their share, if any, of unfunded vested benefits.

Equity Incentive Awards - Harrah's maintains equity incentive awards plans in which employees of the Company may participate. Harrah's allocates an appropriate amount of cost for these awards to each subsidiary where employees participate.

Prior to the completion of the Acquisition, non-qualified stock options, restricted stock, stock appreciation rights ("SARs"), performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, other stock-based awards and performance-based awards were granted to employees or consultants of Harrah's and its subsidiaries, including the Company and members of Harrah's Board of Directors. In connection with the Acquisition on January 28, 2008 (see Note 1), outstanding SARs and stock options, whether vested or unvested, and unvested restricted stock were cancelled and converted into the right to receive cash.

In February 2008, Harrah's Board of Directors approved and adopted the Harrah's Entertainment, Inc. Management Equity Incentive Plan (the "Equity Plan"). The Equity Plan authorizes equity award options to be granted to management and other personnel and key service providers. Grants may be either shares of time-based options or shares of performance-based options, or a combination. Time-based options generally vest in equal increments of 20% on each of the first five anniversaries of the grant date. The performance-based options vest based on the investment returns of Harrah's stockholders. One-half of the performance-based options become eligible to vest upon the stockholders receiving cash proceeds equal to two times their amount vested, and one-half of the performance-based options become eligible to vest upon the stockholders receiving cash proceeds equal to three times their amount vested subject to certain conditions and limitations. In addition, the performance-based options may vest earlier at lower thresholds upon liquidity events prior to December 31, 2009 and 2011, as well as pro rata, in certain circumstances. The Company recognized approximately $282 and $261 for equity award options in 2009 and 2008 respectively.

Atlantic City Country Club - Atlantic City Country Club 1, LLC ("ACCC") is a wholly owned subsidiary of Bally's Atlantic City ("Bally's"), an affiliate of the Company. The net operating costs of ACCC are allocated to the Company and Bally's as well as Caesars Atlantic City and Showboat Atlantic City, also affiliates of the Company. The Company was charged approximately $193 and $276 for these costs for the years ended December 31, 2009 and 2008, respectively. The costs are included in other operating expenses in the accompanying statements of income

Administrative and Other Services - The Company is charged a fee by HOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Company was charged $33,153 and $27,318 for these services for the twelve months ended December 31, 2009 and 2008, respectively. The fee is included in charges from affiliates in the accompanying statements of income.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid Expenses and Other Current Assets as of December 31 consisted of the following:

	2009	2008
Prepaid Air Charters	2,372	3,329
Prepaid State Income Tax	0	2,899
Prepaid Deferred State Income Tax	5,315	5,859
Prepaid Taxes	789	974
Prepaid Marketing	567	232
Prepaid Other	3,276	2,739
	$12,319	$16,032

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, Advances and Receivables as of December 31, consisted of the following:

	2009	2008
Due from Affiliates	$554,594	$ 571,720
Investment in ACES	5,218	5,484
Notes Receivable	9,879	9,259
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of $9,388 and $8,207 at December 31, 2009 and 2008, respectively	18,147	16,903
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of $3,651 and $3,787 at December 31, 2009 and 2008, respectively	3,837	3,829
CRDA Other Investment	1,466	325
Other	2,277	178
	$595,418	$607,698

As a result of the Restructuring, all Due from Affiliate balances were assigned to Harrah's on January 28, 2008.

NOTE 6 – LAND, BUILDINGS AND EQUIPMENT

Land, Buildings and Equipment as of December 31 consisted of the following:

	2009	2008
Land and Land Improvements	$ 439,989	$ 439,957
Buildings, Leaseholds and Improvements	881,210	861,726
Furniture, Fixtures and Equipment	123,756	116,856
Construction in Progress	3,334	19,344

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

	1,448,289	1,437,883
Less Accumulated Depreciation	(93,021)	(46,156)
Property and Equipment, Net	$1,355,268	$1,391,727

NOTE 7 - OTHER ASSETS

Other Assets as of December 31 consisted of the following:

	2009	2008
Intangible Assets	$46,635	$ 50,843
Deferred Finance Charge	16,100	24,859
Interest Rate Cap Derivative	10,134	5,783
Other	512	2,024
	$ 73,381	$ 83,509

NOTE 8 - OTHER ACCRUED EXPENSES

Other Accrued Expenses as of December 31 consisted of the following:

	2009	2008
Accrued Salaries, Wages and Benefits	$ 7,053	$ 6,736
Taxes Payable	2,660	3,318
Accrued In-House Progressive Slot Liability	826	992
Accrued City Wide Progressive Slot Liability	305	288
Accrued Interest, Long-term debt	1,426	2,301
Accrued Casino Control Commission / Department Gaming Enforcement Casino License Fees	806	814
Accrued Utilities	806	1,049
Accrued Health & Welfare Union	1,393	1,473
Accrued Charter Services	1,237	1,767
Other Accrued Expenses	7,361	6,832
	$23,873	$25,570

NOTE 9 – OTHER LONG TERM DEBT

Secured debt as of December 31 consisted of the following:

	2009	2008
CMBS financing, 4.20% at December 31, 2009, maturity 2013	$ 990,682	$1,160,000

The Predecessor Company had a $650,000 long-term promissory note agreement with HOC. On January 28, 2008, in connection with the Acquisition, HOC contributed the promissory note to the Predecessor Company. The Predecessor Company then transferred the promissory note to HEL in satisfaction of its payable to HEL. There was no interest payable as of the Acquisition date. Because the note payable was due to an affiliate, a determination of fair value was not considered meaningful.

In connection with the Restructuring, the Company borrowed $1,160,000 in commercial mortgaged- backed securities financing at an interest rate of LIBOR plus 3%. Principal repayment on the debt is due in full on

(Dollars in Thousands)

February 13, 2013. Accrued Interest as of December 31, 2009 and 2008 was $1,427 and $2,301respectively. The Company's property and related assets are pledged as collateral for the CMBS debt.

During the 2009 fourth quarter, Company paid $42,329 and purchased approximately $169,318 face value of outstanding loans recognizing a pre-tax gain on the transactions of approximately $122,792.

NOTE 10 - OTHER LIABILITIES

Other Liabilities as of December 31 consisted of the following:

	2009	2008
Reported Claims	1,785	282
IBNR Reserve	0	12
CRDA-ACIA funding	213	237
Deferred CRDA grant	458	510
FIN 48- Tax Reserve	11,244	12,575
	$13,700	$13,616

NOTE 11 – LEASES

The Company has operating leases for a storage warehouse, slot leases and computer equipment. These leases have various expiration dates through 2011. Rental expense for the years ended December 31, 2009 and 2008 was $3,119 and $4,342, respectively.

Future minimum lease payments due under these leases are as follows:

2010	3,465
2011	962
2012	354
	$4,781

NOTE 12 – INCOME TAXES

The provision for income taxes consisted of the following at December 31:

	2009	2008
Federal:		
Current	4,041	(2,578)
Deferred	41,828	1,936
Provision for income taxes	$ 45,869	($ 642)
State:		
Current	14,963	1,399
Deferred	(753)	1,036

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Provision for income taxes	$ 14,210	$ 2,435
Total	$ 60,079	$ 1,793

The components of the Company's net deferred state income tax liability included in the consolidated balance sheet as of December 31, 2009 and 2008 were as follows:

	2009	2008
Deferred tax assets:		
Compensation program	$ 821	$ 1,045
Allowance for doubtful accounts	3,611	2,372
CRDA investment obligations	13,370	12,684
Contingencies	6,350	5,902
Self-insurance reserves		5
Debt costs		7,314
Progressive jackpot liability	2,693	3,568
Total deferred state tax assets	26,845	32,890
Deferred tax liabilities:		
Property	(207,026)	(216,363)
Intangible	(19,051)	(20,769)
Debt cost	(42,219)	
Other	(3,611)	(968)
Total deferred state tax liabilities	(271,907)	(238,100)
Net deferred state tax liability	$ (245,062)	$ (205,210)

As discussed in Note 2, the Company adopted the provisions of ASC 740 on January 1, 2007. As a result of this implementation, the January 1, 2007, balance of retained earnings was decreased by approximately a $6,608. A reconciliation of the beginning and ending amount of unrecognized tax benefits are as follows:

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Balance at January 1, 2007	$	9,336
Additions based on tax positions related to the current year		936
Additions for tax positions of prior years		100
Reductions for tax positions for prior years		
Balance at December 31, 2007	$	10,372
Additions based on tax positions related to the current year		70
Additions for tax positions of prior years		911
Reductions for tax positions for prior years		(454)
Balance at December 31, 2008	$	10,899
Additions based on tax positions related to the current year		
Additions for tax positions of prior years		3
Reductions for tax positions for prior years		(192)
Balance at December 31, 2009	$	10,709

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company accrued approximately $1,080, $1,552, $0, during the year ended December 31, 2009, and for the period from January 28, 2008 through December 31, 2008 and January 1, 2008 through January 27, 2008, respectively. Additionally, the Company had approximately $6,022, $4,942, and $3,391 for the payment of interest and penalties accrued at December 31, 2009, December 31, 2008, and January 28, 2008, respectively. Included in the balance of unrecognized tax benefits at December 31, 2009, December 31, 2008, and January 28, 2008, are $10,484, $10,482, and $10,139, respectively, of unrecognized tax benefits that, if recognized, would impact the effective tax rate. As a result of the expected resolution of examination issues with both federal and state tax authorities, the lapsing of various state statutes, and the remittance of tax payments, the Company believes it is reasonably possible that the amount of unrecognized tax benefits will decrease during 2010 between $138 and $6,094.

Harrah's Entertainment (which includes the Company) files income tax returns, including returns for our subsidiaries, with federal, state, and foreign jurisdictions. The Company files a separate return with the state of New Jersey. Harrah's Entertainment is under regular and recurring audit by the Internal Revenue Service ("IRS") on open tax positions, and it is possible that the amount of the liability for unrecognized tax benefits could change during the next twelve months. As a result of the expiration of the statute of limitations and closure of IRS audits, our 2004 and 2005 federal income tax years were closed during the year ended December 31, 2009. The IRS audit of our 2006 federal income tax year also concluded during the year ended December 31, 2009. We participated in the IRS's Compliance Assurance Program ("CAP") for the 2007 and 2008 tax years. Our 2007 federal income tax year has reached the IRS appeals stage of the audit process and we expect this appeal to close during, 2010. Our 2008 federal income tax year is currently under post-CAP review by the IRS. We did not participate in the IRS's CAP program for our 2009 income tax year and we do not expect to participate in the CAP program for the 2010 income tax year.

(Dollars in Thousands)

The Company is still capable of being examined by the New Jersey Division of Taxation for tax years beginning with 1999 due to our execution of New Jersey statute of limitation extensions.

NOTE 13 – NON-OPERATING INCOME/(EXPENSE)

	2009	2008
Impairment of Goodwill	$ 0	($185,319)
Interest Income	282	609
Gain/Loss on Early Retire Debt	123,792	0
Other	(1,219)	(2,430)
	$122,855	($187,140)

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation - The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Insurance Reserve - The Company is self-insured for various levels of general liability coverage. Insurance claims and reserves include the accrual of estimated settlements for known and anticipated claims. Accrued expenses and other current liabilities in the accompanying balance sheets includes insurance allowances of $1,785 and $282 as of December 31, 2009 and 2008, respectively. Actual results may differ from these reserve amounts.

CRDA Investment Obligation — The New Jersey Casino Control Act provides, among other things, for an assessment of licenses equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below-market rate.

As of December 31, CRDA related assets were as follows:

	2009	**2008**
CRDA Bonds — net of amortized cost	$ 3,837	$ 3,829
Deposit — net of reserves	18,147	16,903
Direct Investments — net of reserves	1,466	325
	$23,450	$21,057

The CRDA related assets are held in deferred charges and other non-current assets in the consolidated balance sheets.

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $1,680 and $3,994 for the year ended December 31, 2009 and 2008, respectively, and is included in CRDA related expenses, in the statement of income.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to represent their fair value and eventual expected conversion into bonds by the CRDA.

Once CRDA Bonds are issued we have concluded that the bonds are held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, they are not permitted to do otherwise. As such the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, its fair value could only be determined based on unobservable inputs. Such inputs are limited to the historical carrying value of the CRDA Bonds that are reduced, consistent with industry practice, by 1/3 of their face value at the time of issuance to represent fair value. The Company accretes such discount over the remaining life of the bonds. Accretion for the year ended December 31, 2009 and 2008 were $48 and $47, respectively, and is included in CRDA related expenses, in the statement of income.

After the initial determination of fair value, the Company will analyze the recoverability of the CRDA Bonds on a quarterly basis and its affect on reported amount based upon the ability and likelihood of bonds to be repaid. When considering recoverability of the CRDA Bonds, the Company considers the relative credit-worthiness of each bondholder, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, the asset will be written down to its expected realizable amount.

All the Atlantic City casino properties (the "AC Industry") and the CRDA entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. This agreement expired on January 1, 2009. The agreement provided that in exchange for funding, the NJSEA and the three active New Jersey racetracks would not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry provided $34,000 over a four year period to the NJSEA and deposited another $62,000 into the Casino Expansion Fund (managed by the CRDA).

The Company's obligation was equal to its fair-share of AC Industry casino revenues totaling $3,289, and the Company is eligible to receive funds deposited as a result of this obligation from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

In August 2008, the AC Industry entered into a new agreement with the NJSEA that will provide $90 million in funding to subsidize New Jersey's horseracing industry. The funding will be provided in installments through

2011. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to December 31, 2011. The Company's obligation is estimated at $10,465, equal to its fair-share of AC Industry casino revenues. The total commitment is being charged to operations on a straight line basis beginning January 2009 through December 31, 2011. The Company recognized $3,595 for payments to NJSEA in 2009.

To satisfy current Atlantic City obligations as well as those projected beyond the year 2008, the Company received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City ("CRDA real estate project") at an estimated cost to the Company of approximately $54,573. The Company had a repayment of the Company's future obligations to the CRDA related to the CRDA real estate project. The prepaid asset was being amortized over the related Atlantic City obligation period, which ended in 2007.

The Company has committed approximately $9,589 of its current and future CRDA deposit obligations for the refurbishment of the Atlantic City Convention Center. The amount is amortized on a straight-line basis over a 15-year period commencing September 2001. This expense is included in other operating expenses in the accompanying consolidated statements of operations.

NOTE 15 – SUBSEQUENT EVENT

On February 23, 2010, the Human Resources Committee of the Board of Directors of Harrah's adopted an amendment to the Equity Plan. The amendment provides for an increase in the available number shares of Harrah's non-voting common stock for which options may be granted to 4,566,919 shares. The amendment also revised the vesting hurdles for performance-based options under the Plan. The performance options vest if the return on investment in Harrah's of TPG, Apollo, and their respective affiliates (the "Majority Stockholders") achieve a specified return. Previously, 50% of the options vested upon a 2x return and 50% vested upon a 3x return. The triggers have been revised to 1.5x and 2.5x, respectively. In addition, a pro-rata portion of the 2.5x options will vest if the Majority Stockholders achieve a return on their investment that is greater than 2.0x, but less than 2.5x. The pro rata portion will increase on a straight line basis from zero to a participant's total number of 2.5x options depending upon the level of returns that the Majority Stockholders realize between 2.0x and 2.5x.

On March 5, 2010, Harrah's Entertainment received the consent of the lenders under their CMBS financing to amend the terms of the CMBS financing to, among other things, (i) provide the Company's that are borrowers under the CMBS mortgage loan and/or related mezzanine loans ("CMBS Loans") the right to extend the maturity of the CMBS Loans, subject to certain conditions, by up to 2 years until February 2015, (ii) amend certain terms of the CMBS Loans with respect to reserve requirements, collateral rights, company release prices and the payment of management fees, (iii) provide for ongoing mandatory offers to repurchase CMBS Loans using excess cash flow from the Company's at discounted prices, (iv) provide for the amortization of the mortgage loan in certain minimum amounts upon the occurrence of certain conditions and (v) provide for certain limitations with respect to the amount of excess cash flow from the Company's that may be distributed to Harrah's Entertainment. Any CMBS Loan purchased pursuant to the amendments will be cancelled. The amendment to the terms of the CMBS Loans will become effective upon execution of definitive documentation.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

In addition, Company has agreed to purchase approximately $22,124 of face value of CMBS Loans for $6,605, subject to the execution of definitive documentation for the amendments. In the fourth quarter of 2009, Company purchased approximately $169,318 of face value of CMBS Loans for approximately $42,329. Pursuant to the terms of the amendments, the borrowers have agreed to pay lenders selling CMBS Loans an additional $8,568 for loans previously sold, subject to the execution of definitive documentation for the amendments.

The Company completed its subsequent events review through April 29,, 2010, the date on which the financial statements were available to be issued and noted no other items.

HARRAH'S RESORT, ATLANTIC CITY
ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2009

SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

HARRAH'S RESORT, ATLANTIC CITY
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2009

(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks..................................	$5,933		
2	Returned Patrons' Checks....................................	12,471		
3	Total Patrons' Checks.......................................	18,404	$8,352	$10,052
4	Hotel Receivables..	2,576	487	$2,089
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates..........................	-		
7	Other Accounts and Notes Receivables................	7,069		
8	Total Other Receivables....................................	7,069		$7,069
9	Totals (Form CCC-205)...	$28,049	$8,839	$19,210

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)...	$6,101
11	Counter Checks Issued...	172,465
12	Checks Redeemed Prior to Deposit...	(95,103)
13	Checks Collected Through Deposits...	(68,547)
14	Checks Transferred to Returned Checks...	(8,983)
15	Other Adjustments...	0
16	Ending Balance...	$5,933
17	"Hold" Checks Included in Balance on Line 16...	0
18	Provision for Uncollectible Patrons' Checks...	($4,538)
19	Provision as a Percent of Counter Checks Issued...	-2.6%

HARRAH'S RESORT, ATLANTIC CITY
EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2009

($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	921			
2	Slot Machines	103			
3	Administration				
4	Casino Accounting	163			
5	Simulcasting	5			
6	Other	223			
7	Total - Casino	1,415	$34,064	$329	$34,393
8	ROOMS	564	11,167	184	11,351
9	FOOD AND BEVERAGE	1,018	18,361	0	18,361
10	GUEST ENTERTAINMENT	174	1,779	0	1,779
11	MARKETING	11	1,030	148	1,178
12	OPERATION AND MAINTENANCE	252	9,768	0	9,768
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	6	46	685	731
14	Accounting and Auditing	71	1,725	102	1,827
15	Security	117	3,229	0	3,229
16	Other Administrative and General	213	7,065	0	7,065
	OTHER OPERATED DEPARTMENTS:				
17	Communications	23	299	0	299
18	Employee Cafeteria	12	679	0	679
19	Retail	34	944	0	944
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	3,910	$90,156	$1,448	$91,604

HARRAH'S RESORT, ATLANTIC CITY
ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2009

Line		
	CASINO WIN:	
1.	Table and Other Games	$ 100,151,362
2.	Slot Machines	388,327,533
3.	Total Casino Win	488,478,895
4.	Adjustments	64
5.	Gross Revenue (line 3 plus line 4)	488,478,959
6.	Deduction for Eligible Promotional Gaming Credits	28,631,508
7.	Taxable Gross Revenue (line 5 minus line 6)	459,847,451
8.	Tax on Gross Revenue - Reporting Year (8% of line 7)	36,787,796
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	4,371
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9)	36,792,167

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 15, 2010
Date

Mary Cheeks
Mary Cheeks

Vice President of Finance (004960-11)
Title (License Number)